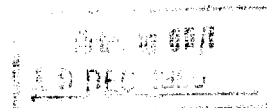


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16 DEC 1960

60-9734

**MEMORANDUM FOR: Director of Central Intelligence**  
**THROUGH: Deputy Director/Intelligence**  
**SUBJECT: Conversations with Special Assistant to the Secretary of Commerce, Mr. George Becker, on the Soviet Machine Tool Situation**

1. This memorandum is for information only and relates to Secretary Mueller's call to you of 6 December 1960.

25X1A 2. [REDACTED], accompanied by three machinery experts from this Office, met with Mr. Becker and three persons from his Export Policy Staff to discuss the status of the machine tool industry in the USSR. The Department of Commerce has been concerned about differences between analyses of this industry by the Department of Defense and the CIA. The latter analysis has been accepted by Commerce. Commerce voiced concern at the meeting because they had seen a draft of an article prepared by an analyst from the Air Information Division in the Library of Congress from whom Defense obtains studies that are at times at odds with CIA estimates.

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NO CHANGE IN CLASS  
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NEXT REVIEW DATE: 1990  
AUTH: HB 70-2  
DATE: 4/11/80 REVIEWER: 003256

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2. Our experts, on reviewing this material, pointed out major inconsistencies in the draft and considered it a poor general appraisal of the industry. It characterized the industry as backward and small. Our people pointed out that only a specific view was supported in the material presented and that contrary or balancing material was not included. The draft article suffered from an apparent lack of understanding of the nature of both US and Soviet statistics. Both the Commerce representatives and our experts were of the opinion that an article of this sort would do a disservice to the United States security interests. Commerce was also concerned with the impact that this type of material might have on its licensing program.

3. Mr. Becker asked that our representatives meet with him and Department of Defense representatives on 21 December 1960 to discuss the differing views and to attempt a resolution of these apparent differences. Our representatives agreed to participate in the meeting and to present their appraisal of the Soviet machine tool industry and related activities.

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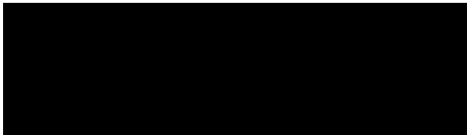
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OTTO E. GUTHE  
Assistant Director  
Research and Reports

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